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*Attorney for Gregory J. Walch and Shauna M. Walch,
 Trustees of the Gregory J. and Shauna M. Walch
 Family Trust*

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

Jointly Administered
 Chapter 11 Cases
 Judge Linda B. Riegler Presiding

**DECLARATION OF GREGORY J.
 WALCH IN SUPPORT OF PARTIAL
 OPPOSITION TO DEBTOR'S MOTION
 AUTHORIZING DEBTOR, PURSUANT
 TO 11 U.S.C. §§ 105 AND 363(B)(1), TO
 ACCEPT LOAN PAYMENT PROCEEDS
 AND PROVIDE PARTIAL RELEASES
 OR FULL RELEASES IN CONNECTION
 WITH THE SALE OF PROPERTIES
 SECURING LOANS ORIGINATED BY
 THE DEBTOR TO THIRD PARTY
 BORROWERS, AND TO RATIFY
 PARTIAL RELEASES PREVIOUSLY
 PROVIDED BY THE DEBTOR**

In re:

USA Commercial Mortgage Company
 06-10725 – Lead Case

USA Capital Realty Advisors, LLC
 06-10726

USA Capital Diversified Trust Deed Fund, LLC
 06-10727

USA Capital First Trust Deed Fund, LLC
 06-10728

USA Securities, LLC
 06-10729

Date of Hearing: May 18, 2006
 Time of Hearing: 9:30 a.m.

Affecting:

☐ All Cases

Or only:

☒ USA Commercial Mortgage Company

☐ USA Capital Realty Advisors, LLC

☐ USA Capital Diversified Trust Deed Fund, LLC

☐ USA Capital First Trust Deed Fund, LLC

Debtors.

1. I am an attorney licensed to practice law in the State of Nevada and am a co-trustee of the Gregory J. and Shauna M. Walch Family Trust ("the Trust"). I am submitting this declaration in support of the Trust's **PARTIAL OPPOSITION TO DEBTOR'S MOTION AUTHORIZING DEBTOR, PURSUANT TO 11 U.S.C. §§ 105 AND 363(B)(1), TO**

ACCEPT LOAN PAYMENT PROCEEDS AND PROVIDE PARTIAL RELEASES OR FULL RELEASES IN CONNECTION WITH THE SALE OF PROPERTIES SECURING LOANS ORIGINATED BY THE DEBTOR TO THIRD PARTY BORROWERS, AND TO RATIFY PARTIAL RELEASES PREVIOUSLY PROVIDED BY THE DEBTOR, and

make this declaration based upon my personal knowledge except as to those matters stated upon information and belief.

2. The Trust is a direct lender in four loans arranged by USA Commercial Mortgage ("UCM") over the past 13 months (the "Loans"). I executed on behalf of the Trust a Loan Servicing Agreement between the Trust and UCM, which provided, among other things, that UCM would collect interest and, if applicable, principal owed by the borrowers to the Trust on a monthly basis from each of the Loans, charge a service fee of up to 3% per annum (netting the Trust between 12% and 12.5% yield), and distribute the payment to the Trust and other direct lenders. A copy of the Loan Servicing Agreement is attached at Tab 1.

3. I also executed Special Power(s) of Attorney in connection with each Loan. A copy of a representative Special Power of Attorney (Roam Development Group) is attached at Tab 2. UCM was not authorized to take principal payments in its own name from borrowers. Instead, UCM was to take principal payments in exchange for security releases (partial of full) only in the name of the Trust, as follows:

b.(3) To execute and deliver full and/or partial reconveyances of the Deed of Trust **upon the payment therefore to the undersigned**, as required by the Deed of Trust, **which payments to the undersigned are to be made directly to the undersigned, in proportion to their respective interests, and not to said attorney in fact.** (Emphasis added).

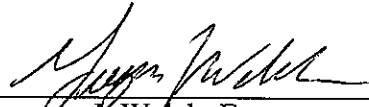
The Special Power of Attorney also provides that:

This power of attorney **shall not be effective to authorize the use or release of money in which the undersigned owns a beneficial interest for any purpose except for the provision of the services described above relating to the loan** described above unless accompanied by written authorization by the undersigned for the use or release of money for the other purpose. (Emphasis Added).

1 4. Based upon information and belief, attached at Tab 3 are true and corrects copies of
2 the Roam Development Group "Loan Agreement", "Promissory Note Secured by Deed of
3 Trust", and "Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing".

4 5. I declare under penalty of perjury under the laws of the United States of America that
5 the foregoing is true and correct.

6 Dated this 15th day of May, 2006.

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9 Gregory J. Walch, Esq.
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12 *Attorney for Gregory J. Walch and Shauna M.*
13 *Walch, Trustees of the Gregory J. and Shauna*
14 *M. Walch Family Trust*